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GAIN Report

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Bosnia-Hercegovina

Grain and Feed

Grain Update

2003

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Report Highlights:

Wheat and corn are drought affected. Wheat imports could reach 500,000 metric tons this year. Since regional suppliers are short on production and also hoping to export to Europe the possibility of purchasing U.S. wheat is very good. USDA donation/monetization programs introduced wheat into the Bosnian market. Millers learned to blend high quality U.S. wheat with wheat available on the domestic market. This resulted in a higher quality flour for consumers. While USDA donation/monetization programs have ended, there is still a strong demand for U.S. wheat. Millers discuss organizing a consortium to purchase U.S. wheat on a commercial basis. GSM-102 is also available.

Includes PSD Changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Vienna [AU1]

[BK]

Like most of the region, a drought affects winter and spring crops. Only about 4% of cultivated land is irrigated. An emergency because of the drought is declared throughout the country. Evaluation of the damage is still underway. The two governments¹ are trying on to alleviate damages and to assist the farmers to survive this difficult period. However, their arms are tight with limited budgets available for such purposes. Bosnia-Herzegovina (BiH) normally imports up to 70 % of food needs and even now larger than normal shortages of grains, vegetables, fruits and meat are expected to hit the country resulting in even more imports.

Wheat

The drought resulted in decreased wheat harvest area and yield. Last fall was very rainy reducing planting, followed by unexpected high spring temperatures followed by drought.

Corn

Average yields are estimated to be down 10%. Many cornfields were replanted and corn varieties with shorter vegetation period were planted. Some cornfields were lost completely because other crops replaced the drought-damaged corn.

The drought already hurt the livestock sector because grazing is lower and the corn shortages will worsen this situation further. Farmers are already selling animals at lower price because many think that they will not be able to feed them properly.

Government Support

A national minimal purchase price for wheat is set at 270 KM/MT (\$\$156,97).

The Republika Srpska Government, with most of the large commercial farms, intends to subsidy wheat purchase by registered grain mills up to 50KM²/MT (\$30,12). There are also intentions to support the processing industry in purchasing agricultural products/raw materials with favorable loan arrangements. The Government also intends to subsidize up to 20% of the purchase of seeds and fertilizers for fall sowing.

The plans in the Federation of Bosnia-Herzegovina are to provide subsidized credit lines to farmers for the fall planting.

Wheat Imports

BiH is a regular importer of wheat. Yearly imports are usually around 400 000 MT, depending on uncertain local production. However, due to decreased production this year and 2003 wheat imports could reach 500 000 MT. Most wheat imports are supplied by neighboring countries. However, the region is suffering from drought, and the major suppliers: Hungary, Czech Republic and Croatia are focusing on supplying EU neighbors with their limited exportable supplies.

American wheat already has a place in the Bosnian market due to a PL Title II and 416(b) donation/Monetization Programs. However, future imports of wheat under such programs are unlikely and commercial imports will be needed. (For more information and for a list of buyers

¹ Under the 1995 Dayton Peace Agreement, Bosnia Herzegovina (BiH) is divided into two Entities: the Federation of Bosnia and Herzegovina (F BiH) and Republika Srpska (RS). Due to this dual governmental structure there is no common agricultural policy at the national level.

² Currency note: \$1,00 = 1,72 KM (Convertible Mark) on July 11, 2003

please see reports # BK2012 and BK3005 that may be downloaded from
<http://www.fas.usda.gov/scripts/attacherep/default.asp>).

Wheat						
Bosnia-Herzegovina	1998	1999	2000	2001	2002	2003
Official Statistics						
Market	1998/19	1999/20	2000/20	2001/2002	2002/2003	2003/2004
Begin Year	99	00	01			
Area	07 1998	07 1999	07 2000	07 2001	07 2002	07 2003
Harvested						
Beginning	106	95	114	103	110	72
Stocks						
Production	165	175	143	191	160	107
TOTAL Mkt.	341	258	275	269	297	130
Yr. Imports						
Jul-Jun	251	268	399	432	350	500
Imports						
Jul-Jun	251	268	399	432	350	500
Import U.S.						
TOTAL	127	48	52	0	0	0
SUPPLY						
TOTAL Mkt.	757	701	817	892	807	737
Yr. Exports						
Jul-Jun	6	6	1	0	0	0
Exports						
Feed Dom.	6	6	1	0	0	0
Consumption						
TOTAL	147	150	150	150	150	150
Dom.						
Consumption						
Ending	576	552	625	732	700	625
Stocks						
TOTAL	175	143	191	160	107	112
DISTRIBUTION						
	757	701	817	892	807	737

PSD Table							
Countr	Bosnia- y Herceg ovina						
Comm odity	Corn						
		(1000 HA)(1000 MT)					
	2001 USDA Official [Old]	Revised Post Estimate [New] 10/2001	2002 USDA Official [Old]	Estimate Post Estimate [New] 10/2002	2003 USDA Official [Old]	Forecast Post Estimate [New] 10/2003	UOM
Market Year Begin							MM/YYYY Y
Area	213	0	228	0	230	227	(1000 HA)
Harveste d							
Beginning Stocks	50	0	64	0	101	101	(1000 MT)
Productio n	640	0	912	0	910	817	(1000 MT)
TOTAL Mkt. Yr.	194	0	50	0	100	150	(1000 MT)
Imports							
Oct-Sep	194	0	50	0	100	150	(1000 MT)
Imports							
Oct-Sep	0	0	0	0	0	0	(1000 MT)
Import U.S.							
TOTAL	884	0	1026	0	1111	1068	(1000 MT)
SUPPLY							
TOTAL	0	0	0	0	0	0	(1000 MT)
Mkt. Yr.							
Exports							
Oct-Sep	0	0	0	0	0	0	(1000 MT)
Exports							
Feed Dom.	745	0	850	0	900	900	(1000 MT)
Consump tion							
TOTAL	820	0	925	0	975	975	(1000 MT)
Dom.							
Consump tion							
Ending Stocks	64	0	101	0	136	93	(1000 MT)
TOTAL	884	0	1026	0	1111	1068	(1000 MT)
DISTRIB UTION							
	-	-	-	-		-	
	-	-	-	-		-	